

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

STREET SOLUTIONS, INC.

Plaintiff,

-against-

SPROUT MORTGAGE, LLC,

Defendant.

Case No. 1:22-cv-5210

COMPLAINT

Plaintiff Street Solutions, Inc. (“SSI”), by and through its attorneys, Fox Rothschild LLP, as and for its Complaint against Defendant Sprout Mortgage, LLC (“Sprout”), alleges as follows:

FACTUAL BACKGROUND

1. This is an action arising from Sprout’s breach of the parties’ August 20, 2021 License Agreement (the “Agreement”). The Agreement is annexed hereto as **Exhibit A**.

2. SSI develops innovative software for the secondary loan markets, enabling customers to efficiently finance, buy, sell, and manage residential whole loans. Its clients include investment banks, hedge funds, government-sponsored banks, REITS, and specialty-finance companies.

3. Sprout is a mortgage lender that entered into the Agreement with SSI to utilize SSI’s proprietary software services (“SaaS”) in connection with its lending business.

4. Under the parties’ Agreement, Sprout is obligated to pay SSI a \$40,000 implementation fee and a \$160,000 annual Subscription Fee for use of the SaaS.

5. Sprout paid the \$40,000 implementation fee (albeit months late), and the implementation was completed by SSI in November 2021.

6. Sprout, however, has failed to pay the requisite Subscription Fee for 2021 and 2022 despite having been timely invoiced by SSI. *See Exhibit B.*

7. On May 10, 2022, SSI, through counsel, sent a demand letter to Sprout with respect to the outstanding amounts due and owing under the Agreement. Sprout has not responded to the letter, thereby necessitating this action.

THE PARTIES

8. Plaintiff Street Solutions, Inc. is a New Jersey corporation with offices located at 111 Town Square Pl, Ste. 1203, Jersey City, New Jersey 07310.

9. Defendant Sprout Mortgage, LLC is a Delaware limited liability company with its principal place of business located at 90 Merrick Ave, East Meadow, New York 11554. Sprout's parent corporation is Sprout Holdings, LLC, a Delaware limited liability company with its principal place of business also located at 90 Merrick Ave, East Meadow, New York 11554.

JURISDICTION AND VENUE

10. This Court has original jurisdiction based upon complete diversity between the parties. This is a civil action between citizens of different states wherein the amount in controversy exceeds \$75,000.00, and, as such, this Court possesses subject matter jurisdiction of this controversy pursuant to 28 U.S.C. §§ 1332(a)(1).

11. Venue in this judicial district is proper pursuant to 28 U.S.C. § 1391(a).

12. The Agreement provides that Sprout "consented to the exclusive jurisdiction and venue in the state or federal courts sitting in New York, NY, and hereby waive[s] any objections to jurisdiction and venue in such courts..." *See Exhibit A (Standard Terms and Conditions, Section 14).*

13. The Agreement also contains a choice of law provision, which provides that the Agreement shall be construed in accordance with New York law. *See id.*

FIRST CAUSE OF ACTION
(Breach of Contract)

14. SSI repeats and re-alleges each of the foregoing allegations with the same force and effect as if set forth fully herein.

15. As set forth above, SSI entered into a contract with Sprout – the Agreement – effective August 20, 2021 wherein Sprout agreed to pay SSI a \$40,000 implementation fee and a \$160,000 annual Subscription Fee for use of the SaaS. *See* Exhibit A at 1; Standard Terms and Conditions at Section 7(b).

16. Pursuant to Section 7 of the Standard Terms and Conditions of the Agreement, “[a]ny amounts not paid when due shall accrue interest at 1% per month or the maximum amount allowed by law, whichever is less.” *See id.*

17. Sprout has breached the terms of the Agreement by failing to make the requisite payments under the Agreement in accordance with the section titled “Fees”. *See id.*

18. Namely, after making the requisite \$40,000 implementation fee to SSI (albeit months late), Sprout has failed to pay SSI the Subscription Fee for 2021 and 2022, totaling \$176,657.53.

19. In addition to the principal amount, Sprout is also required to pay an additional 1% interest per month since the initial date that the invoice was due (i.e. December 2021).

20. Sprout’s failure to make the requisite Subscription Fee payments under the Agreement constitutes a breach of the Agreement.

21. SSI has been damaged because of Sprout’s breach of the Agreement in an amount to be determined at trial but no less than \$176,657.53 plus one percent interest per month since December 2021.

22. Section 14 of the Standard Terms and Conditions of the Agreement provides that “[t]he prevailing party, as determined by a court of competent jurisdiction, in any dispute shall be entitled to an award of attorneys’ fees and costs.”

23. SSI is therefore also entitled to its attorneys’ fees and costs in connection with this action in the event that it prevails against Sprout.

WHEREFORE, SSI requests that this Court enter judgment against Sprout:

1. Awarding SSI an amount to be determined at trial but no less than \$176,657.53 plus one percent interest from December 2021;
2. Awarding SSI the costs of this action and reasonable attorneys’ fees; and,
3. Awarding SSI such other and further relief as this Court deems just and proper.

Dated: New York, New York
June 21, 2022

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